



December 27, 2005

**LG&E Energy LLC**  
220 West Main Street (40202)  
P.O. Box 32030  
Louisville, Kentucky 40232

**VIA UPS OVERNIGHT DELIVERY**

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602

RECEIVED

DEC 28 2005

PUBLIC SERVICE  
COMMISSION

**RE: Kentucky Utilities Company (Case No. 2005-00117)**

Dear Ms. O'Donnell:

Pursuant to Ordering Paragraph No. 6 of the Commission's Order in the aforementioned proceeding, Kentucky Utilities Company ("KU") hereby files an original and three (3) copies of information related to an issuance under said Order.

On December 19, 2005, KU borrowed \$75 million from Fidelity Corporation in accordance with the order issued May 10, 2005 in the above-referenced case. The details of the loan are shown below:

Borrower:	Kentucky Utilities Company
Lender:	Fidelity Corporation
Amount:	\$75 million
Maturity Date:	December 21, 2015
Interest Rate:	5.36%
Price Paid:	100%
Proceeds:	\$75 million
Commissions Paid:	None
Legal Costs:	None
Security for Loan:	None
Interest Payments:	June 19 and December 19 commencing June 19, 2006

The interest rate was set using the average rate quoted to E.ON AG at .87% above the yield on the ten-year treasury bond (4.49%). The supporting price indications from the investment banks is attached. A copy of a page from Bloomberg showing the yield on the treasury bond will follow the first week of 2006. The average rate quoted to E.ON AG by the investment banks was lower than the lowest bid quoted to KU. Once again, the supporting price

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indications are attached. The bids are summarized in the table below:

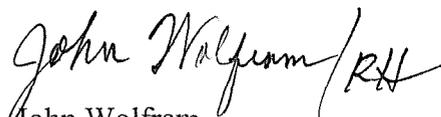
	KU Pricing	E.ON AG Pricing
Low bid above 10-year treasury	0.99%	
Ten-year treasury rate	4.49%	
All-in cost	5.48%	
Average bid above ten-year treasury		.87%
Ten-year treasury rate		4.49%
All-in cost		5.36%

The proceeds of the loan were used to replace an existing intercompany loan with Fidelia that matured on December 19, 2005.

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the envelope provided.

Should you have any questions regarding this transaction or this information, please contact me at 502-627-4110 or contact Don Harris at 502-627-2021.

Sincerely,



John Wolfram  
Manager, Regulatory Affairs

cc: Dan Arbough  
Kendrick Riggs – Ogden, Newell, and Welch

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### Spread Comparison

#### KU Intercompany Loan

	<u>KU - \$75MM</u>	<u>E.ON Quotes</u>
Wachovia	1.29%	
Bank of America	0.99%	
Barclays	0.99%	
Morgan Stanley		0.95%
ABNAMRO		0.86%
Dresdner Kleinwort Wasserstein		0.80%
<b>Lowest Rate - KU; Avg. Rate - E.ON</b>	<b>0.99%</b>	<b>0.87%</b>
<b>10-Year US Treasury Rate</b> <i>(as of 12/15/05)</i>	<b>4.49%</b>	<b>4.49%</b>
<b>All-in Rate</b>	<b>5.48%</b>	<b>5.36%</b>